I

108TH CONGRESS
1ST SESSION

H. R. 3520

To reduce duplication in Federal financial literacy and financial programs, identify more effective ways to provide financial education, and facilitate greater cooperation at the Federal, State and local levels and between government units and entities in the private sector by requiring the establishment of a national strategy for assuring financial education, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 19, 2003

Mrs. KELLY introduced the following bill; which was referred to the Committee on Financial Services

---

A BILL

To reduce duplication in Federal financial literacy and financial programs, identify more effective ways to provide financial education, and facilitate greater cooperation at the Federal, State and local levels and between government units and entities in the private sector by requiring the establishment of a national strategy for assuring financial education, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Strategy for Assuring Financial Empowerment Act" or the "SAFE Act".

SEC. 2. STRATEGY FOR ASSURING FINANCIAL EDUCATION.

(a) FINDINGS.—

(1) IN GENERAL.—The Congress finds it is imperative to—

(A) reduce overlap and duplication in Federal financial literacy and financial education programs and in public and private educational activities, in order to increase effectiveness and coordination and to better utilize resources;

(B) identify the most effective types of public sector financial literacy programs and techniques as measured by improved consumer decision-making;

(C) coordinate and promote financial literacy and financial education efforts at the State and local level, including partnerships between Federal, State and local governments, non-profit organizations and private enterprises;

(D) obtain recommendations for integrating economic education and personal-finance education into primary, secondary and post-secondary curricula; and

(E) provide multilingual materials and programs under the strategy for assuring financial education whenever appropriate in order to effectively reach the broadest number of people.

(2) ADDITIONAL FINDINGS.—The Congress also finds that as many as 1 in 10 American families, or about 10,000,000 households, do not have a relationship with a traditional financial institution such as a bank, thrift institution, or credit union, despite the significant advantages of such a relationship, including the following:

(A) The establishment of a deposit account with a financial institution leads to greater knowledge of personal financial fundamentals.

(B) Account ownership provides an opportunity to build assets, because a deposit account is a tool that can be used to save for homeownership, educational opportunities, or retirement.

(C) The unbanked typically pay higher costs in transaction fees for financial services than do individuals with banking relationships.

(D) Opening and maintaining an account with a financial institution provides opportunities to obtain other products and services—such as home loans, car loans, education loans, or small business loans—from the institution, and can help individuals establish a credit history for their future borrowing needs.

(E) Owning an account provides a record of financial transactions that can be drawn on in the case of a dispute.

(F) Account ownership provides the opportunity for safer, more secure types of financial transactions, such as direct deposit and check-writing, reducing the risk that paychecks could be stolen or lost and reducing the risk of becoming the victim of a robbery or burglary triggered by carrying large sums of cash.

(b) DEVELOPMENT AND TRANSMITTAL TO THE CONGRESS.—

(1) DEVELOPMENT.—The President, acting through the Secretary of the Treasury, the Office of Financial Education established by the Secretary in the Department of the Treasury, and in consultation with the Secretary of Housing and Urban Development and other officials of the administration, as appropriate, shall develop a national strategy for financial education, to be known as the Strategy for

Assuring Financial Empowerment (hereinafter in this section referred to as the "SAFE strategy").

(2) TRANSMITTAL TO THE CONGRESS.—By February 1 of 2005 and by that date of each succeeding year, the President shall transmit to the Congress a national strategy developed in accordance with paragraph (1).

(3) APPEARANCE BEFORE THE CONGRESS.—Before March 1, 2004, and before March 1 of each subsequent year, the Secretary of Treasury shall appear before the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate at hearings regarding the development of a national strategy for assuring financial education.

(4) WORKING GROUP.—The first national strategy transmitted to the Congress in 2005 shall contain recommendations and a proposal for forming a Financial Literacy and Education Working Group to be chaired by the Secretary of the Treasury.

(c) ISSUES TO BE ADDRESSED.—The SAFE strategy shall address any area the President considers appropriate, acting through the Secretary of the Treasury, the Office of Financial Education established by the Secretary in the Department of the Treasury, and in consultation with the Secretary of Housing and Urban Development, the Financial Literacy and Education Working Group established pursuant to the proposal under subsection (b)(4), and other officials of the administration, as appropriate, including the following:

(1) GOALS, OBJECTIVES, AND PRIORITIES.—

(A) IN GENERAL.—Comprehensive, research-based goals, objectives, and priorities for increasing the financial literacy of all citizens, with particular attention to those with low and moderate incomes, Native Americans, immigrants, youths from ages 10–25 and those of pre-retirement age.

(B) GOALS TO BE INCLUDED.—Such goals shall include helping individuals, especially those in the target groups, learn to develop—

(i) access to and responsible use of accounts at financial institutions;

(ii) knowledge of the credit-granting process, including the importance and benefits of building credit;

(iii) homeownership;

(iv) planning for unexpected circumstances, further education, retirement and estate planning;

(v) budgets and long-range financial planning;

(vi) an appreciation of the value of charitable giving;

(vii) an understanding of the impact of taxes on earned income and intelligent planning to minimize the effects of taxes;

(viii) a strategy for and an appreciation of the value of broad-based, well-planned, long-term investments; and

(ix) patterns of responsible borrowing and consumer behavior.

(2) COORDINATION.—Coordination of financial education efforts and programs within the Executive Branch and with the Board of Governors of the Federal Reserve System, the Securities and Exchange Commission, other Federal banking agencies, the National Credit Union Administration Board, and such other Federal agencies as the Secretary of the Treasury determines to be appropriate.

(3) COORDINATION WITH AND ENHANCEMENT OF THE ROLE OF THE PRIVATE FINANCIAL SECTOR IN FINANCIAL EDUCATION.—The enhancement of partnerships between the private government agen-

cies and both the financial sector and nongovernment agencies with regard to financial education.

(4) ENHANCEMENT OF INTERGOVERNMENTAL COOPERATION.—The enhancement of—

(A) cooperative efforts between the Federal Government and State and local officials, including State and local regulators and educators; and

(B) cooperative efforts among the several States and between State and local officials, including State and local regulators and educators which could be utilized or should be encouraged.

(5) PROJECT AND BUDGET PRIORITIES.—A 3-year projection for program and budget priorities and achievable projects for improving financial education.

(6) ASSESSMENT OF FUNDING.—A complete assessment of how the proposed budget is intended to implement the strategy, and whether the funding levels contained in the proposed budget are sufficient to implement the strategy.

(7) DATA REGARDING TRENDS IN FINANCIAL EDUCATION.—The need for timely, accurate, and complete information necessary for the purpose of

developing and analyzing data in order to ascertain trends in the need for financial education.

(8) IMPROVED COMMUNICATIONS.—A plan for enhancing the communication between the Federal Government and State and local governments regarding financial education.

(d) EFFECTIVENESS REPORT.—At the time each national SAFE strategy for financial education is transmitted by the President to the Congress (other than the first transmission of any such strategy) pursuant to subsection (b), the Secretary shall submit a report containing an evaluation of the effectiveness of policies to enhance financial education and reach the goals outlined in subsection (c).

(e) CONSULTATIONS.—In addition to the consultations required under this section with the Secretary of Housing and Urban Development, in developing the national SAFE strategy for financial education, the Secretary shall consult with—

(1) the Board of Governors of the Federal Reserve System and other Federal banking agencies and the National Credit Union Administration Board;

(2) State and local officials, including State and local regulators and educators;

(3) the Securities and Exchange Commission;

(4) the Commodities and Futures Trading Commission;

(5) the Secretary of Education;

(6) to the extent possible, the finance ministers of foreign governments;

(7) to the extent appropriate, State and local officials responsible for financial institution and financial market regulation;

(8) any other State or local government authority, to the extent appropriate;

(9) any other Federal Government authority or instrumentality, to the extent appropriate

(10) representatives of the private financial services sector, to the extent appropriate;

(11) the Secretary of Agriculture;

(12) the Secretary of Health and Human Services;

(13) the Secretary of Defense;

(14) the Secretary of Labor;

(15) the Secretary of Veterans Affairs;

(16) the Chairman of the Federal Trade Commission;

(17) the Commissioner of Social Security, the Social Security Administration;

(18) the Administrator of the Small Business Administration;

(19) the Director of the Office of Personnel Management;

(20) the Federal Housing Commissioner;

(21) State insurance commissioners working through the National Association of Insurance Commissioners;

(22) the Advertising Council; and

(23) the heads of Federal, State and local government programs, and privately run programs, which have the purpose of—

(A) getting the unbanked to participate in the banking system; and

(B) encouraging recipients of State or Federal assistance programs to move away from receiving their programs via paper checks and towards receiving such payments electronically.

(f) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to the Secretary of the Treasury for fiscal years 2004, 2005, 2006, 2007, 2008, and 2009 such sums as may be necessary to carry out the requirements of this section.

○